



## Well-equipped to benefit from the recovery

Bank of America Merrill Lynch Banking and Insurance Conference  
London, 1<sup>st</sup> October 2015

**Gonzalo Gortázar, CEO**

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In so far as it relates to results from investments, this financial information from the CaixaBank Group for 1H15 has been prepared mainly on the basis of estimates.

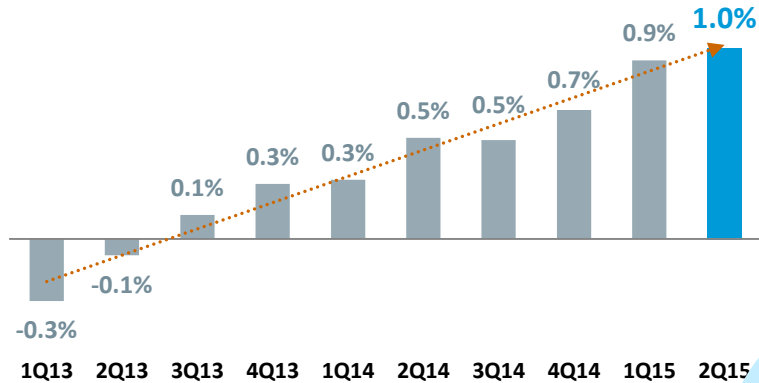
## Agenda

- **Macro and industry backdrop**
  - Strategy and business fit
  - Recent activity and performance
  - Final remarks

# The Spanish economy is performing better than anticipated

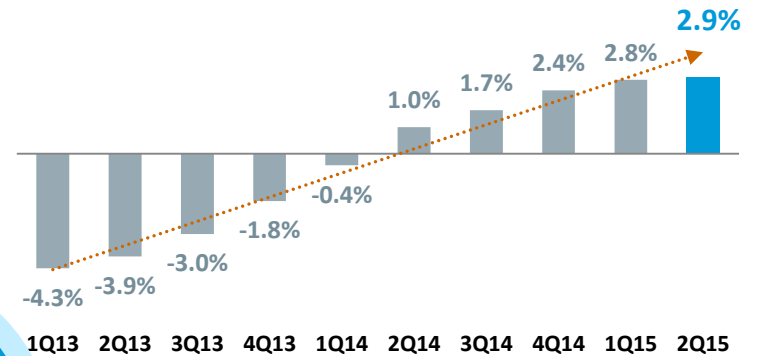
## GDP growth is gathering momentum

GDP growth, % qoq



## Labour market improvement continues

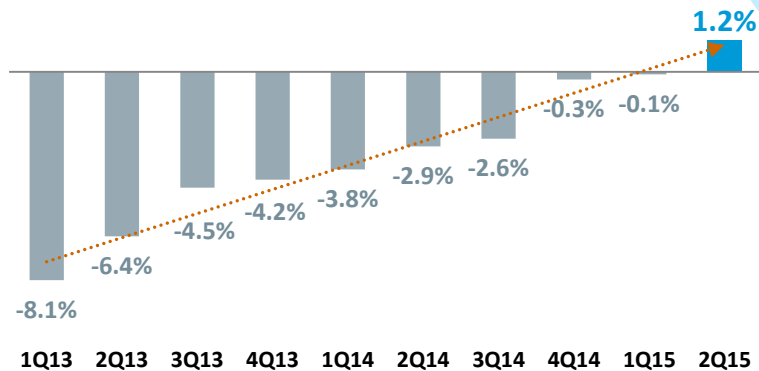
Employment, % yoy



Macro dynamics support lower cost of risk and RE losses

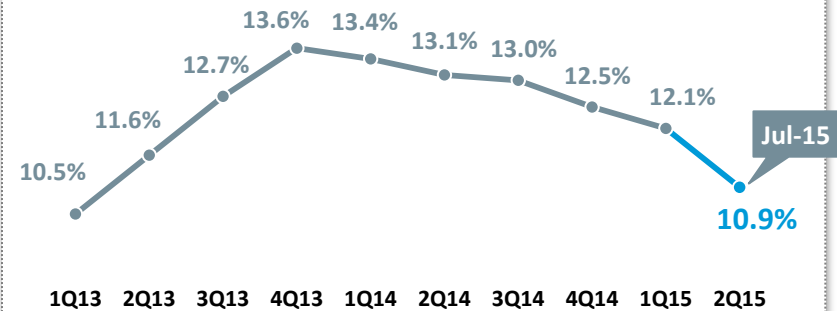
## RE markets are stabilising

Housing prices (nominal), % yoy



## Asset quality is improving

NPL ratio, industry average in %

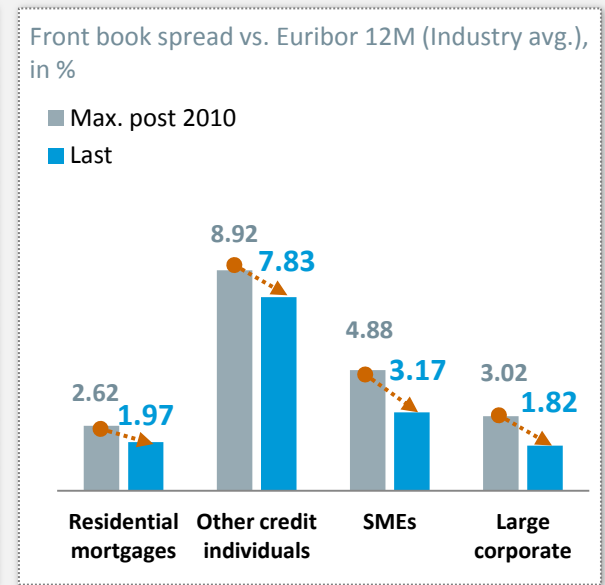
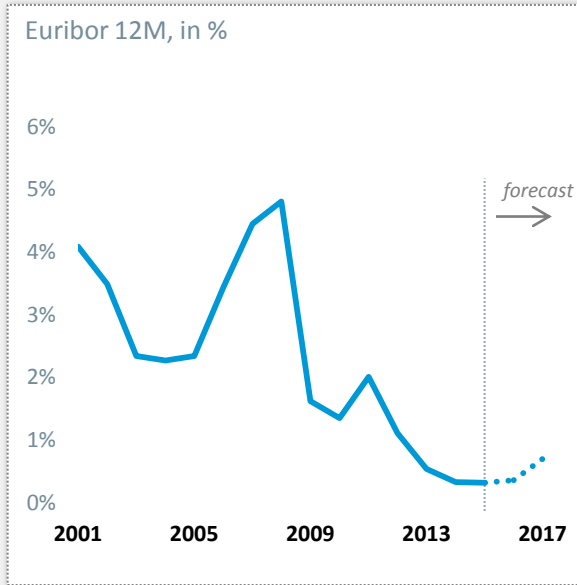
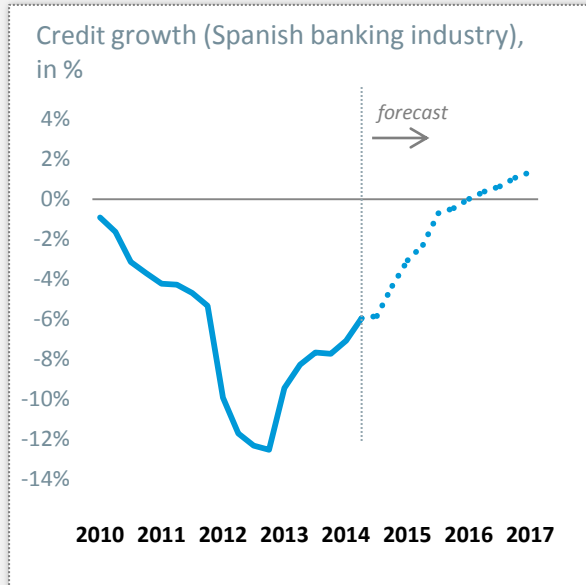


# Yet financial sector challenges persist

## Limited volume growth expected

## Prolonged low rate environment

## Strong competition on spreads



Leading to pressure on revenue and profitability

## Agenda

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- **Strategy and business fit**
- Recent activity and performance
- Final remarks

We are well equipped to perform in this challenging environment

1

The plan

A focused strategy

**Profitability is the key strategic priority for 2015-18**

12-14% RoTE target from 2017

2

The tools

Our structural advantages

**Differentiated value-offering:**

- Omni-channel distribution platform
- Highly qualified staff
- Tech leadership
- Own product factories

3

The execution

Distinctive commercial focus

**Transforming advantages into revenue growth**

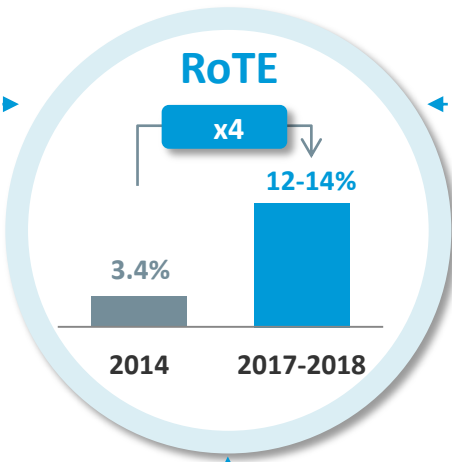
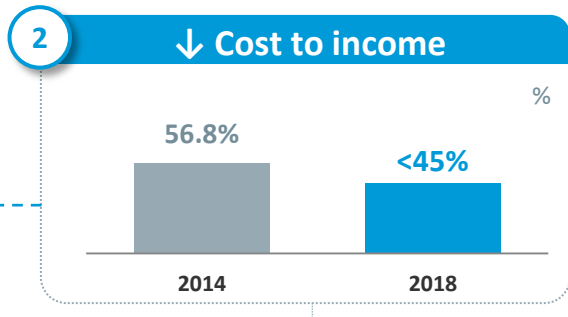
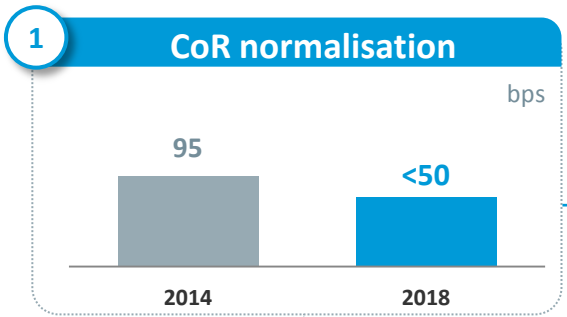
Recent performance attests to effectiveness



**Positioned to benefit from the recovery**

# Growing profitability takes a central role in the 2015-18 Strategic Plan

Cash dividend payout  
≥ 50% from 2015



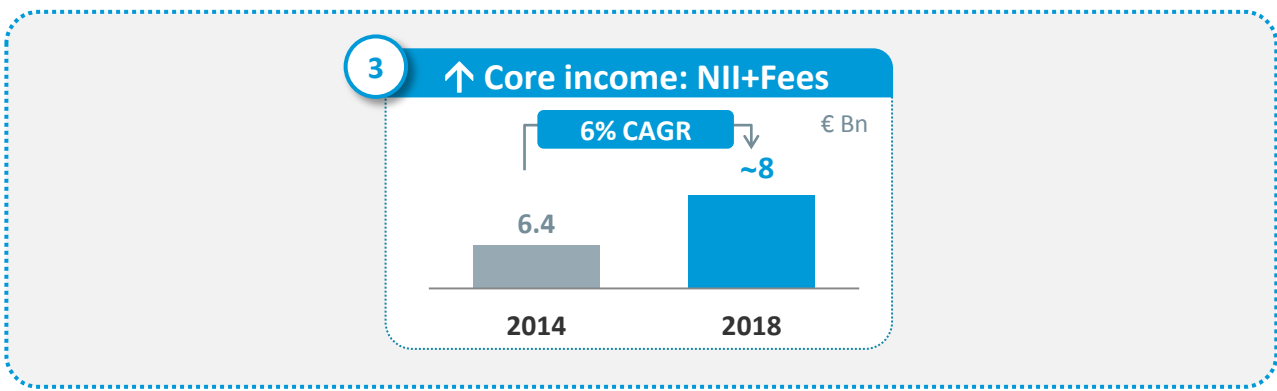
**On track**

- ▶ Driver(s): macro dynamics → Balance sheet normalisation
- ▶ 88 bps in 2Q15 (YE target: 80 bps)

**Early delivery**

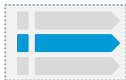
- ▶ Driver(s): rightsizing, acquisitions, operational efficiency
- ▶ 1H15 measures (Barclays Spain synergies, collective dismissal) ~50% of planned 2015-18 savings

## Growing market share through value of the franchise:



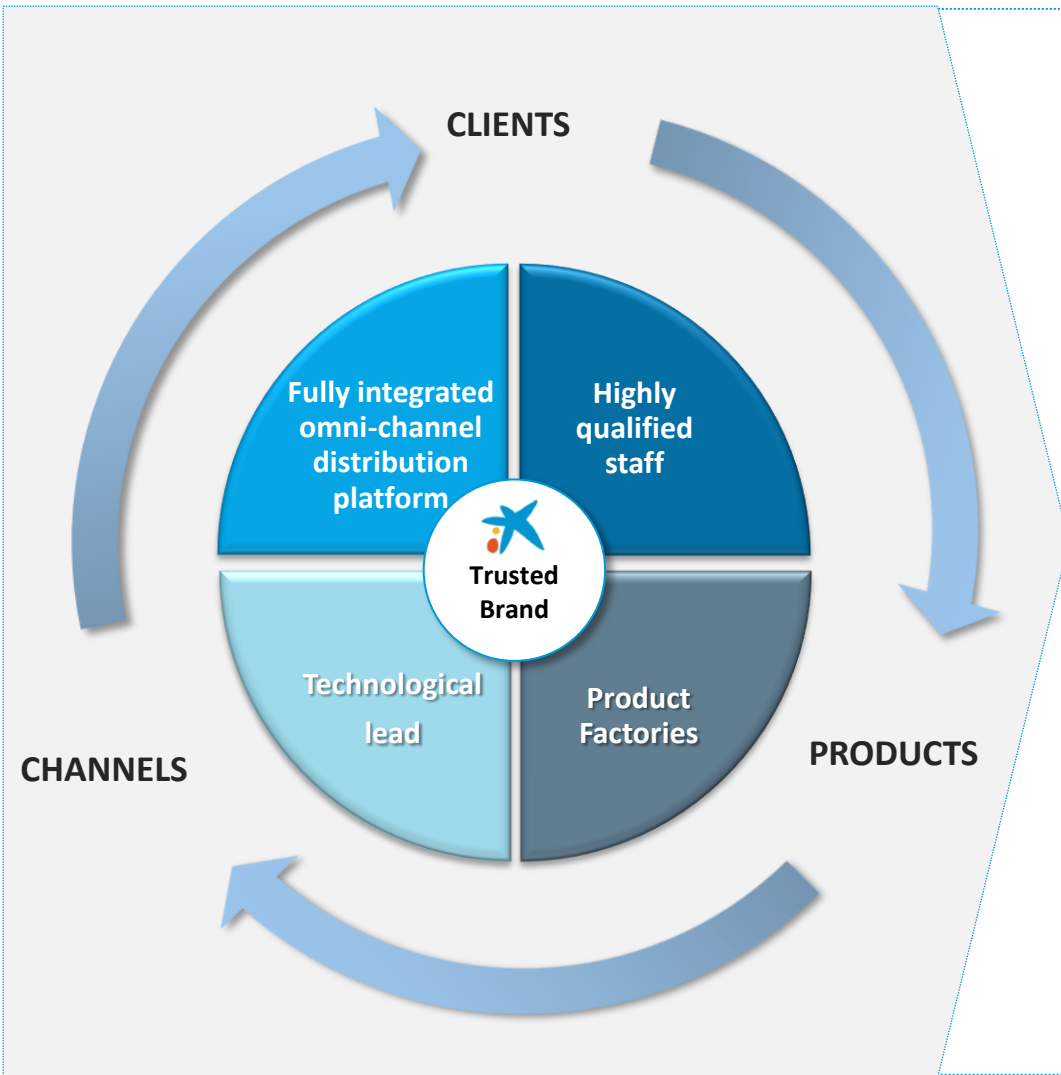
Note: 2014 data is pro forma the acquisition of Barclays Bank Spain except RoTE data, which corresponds to CaixaBank standalone





# Hard-to-replicate structural advantages provide unique competitive positioning

Effective commercial strategy connecting clients, products and channels



## Differentiated value proposition

- ▶ Convenience
- ▶ Customer intimacy
- ▶ Advisory capabilities
- ▶ Specialised offering
- ▶ Innovation
- ▶ Transparency



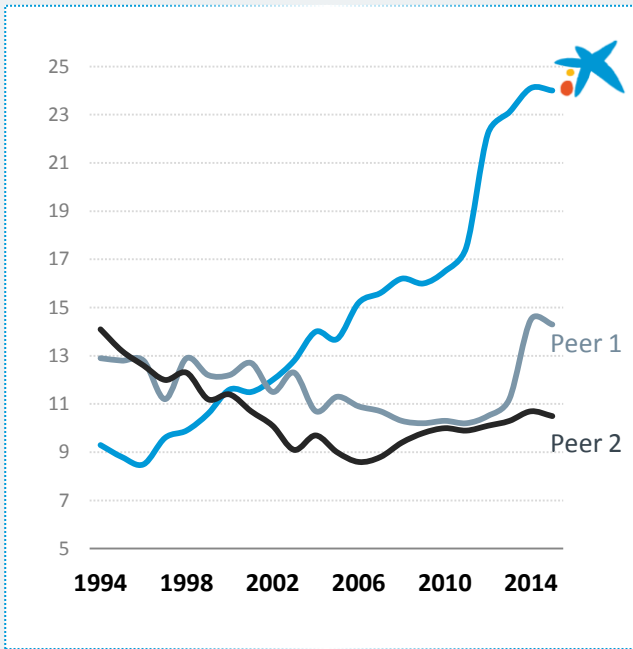
## Higher sales effectiveness

- ▶ Scale
- ▶ Scope
- ▶ Seamlessness
- ▶ Customisation

## As evidenced by a lengthy history of market share growth

### Market leadership

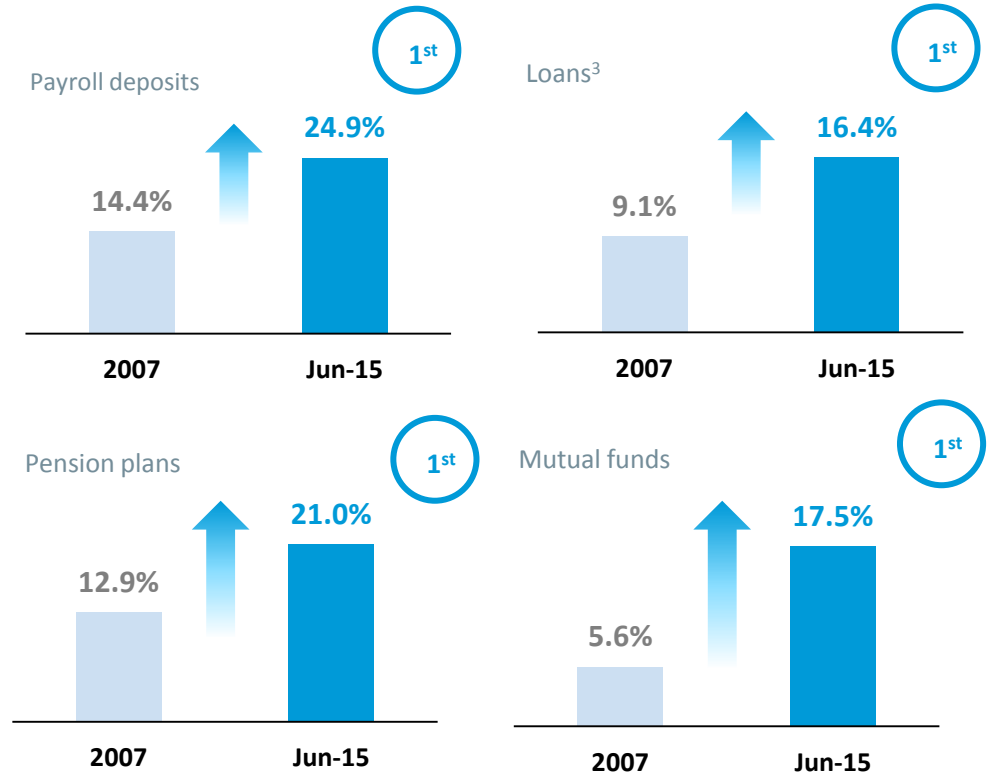
Customer penetration retail clients (primary bank) <sup>1</sup>



NOTE: 2014 market shares include announced transactions. Loans and deposits market share over total banks and savings banks. Latest available figures

### Proven capabilities to grow above market even during the crisis

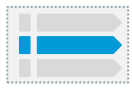
Market shares<sup>2</sup>, in %



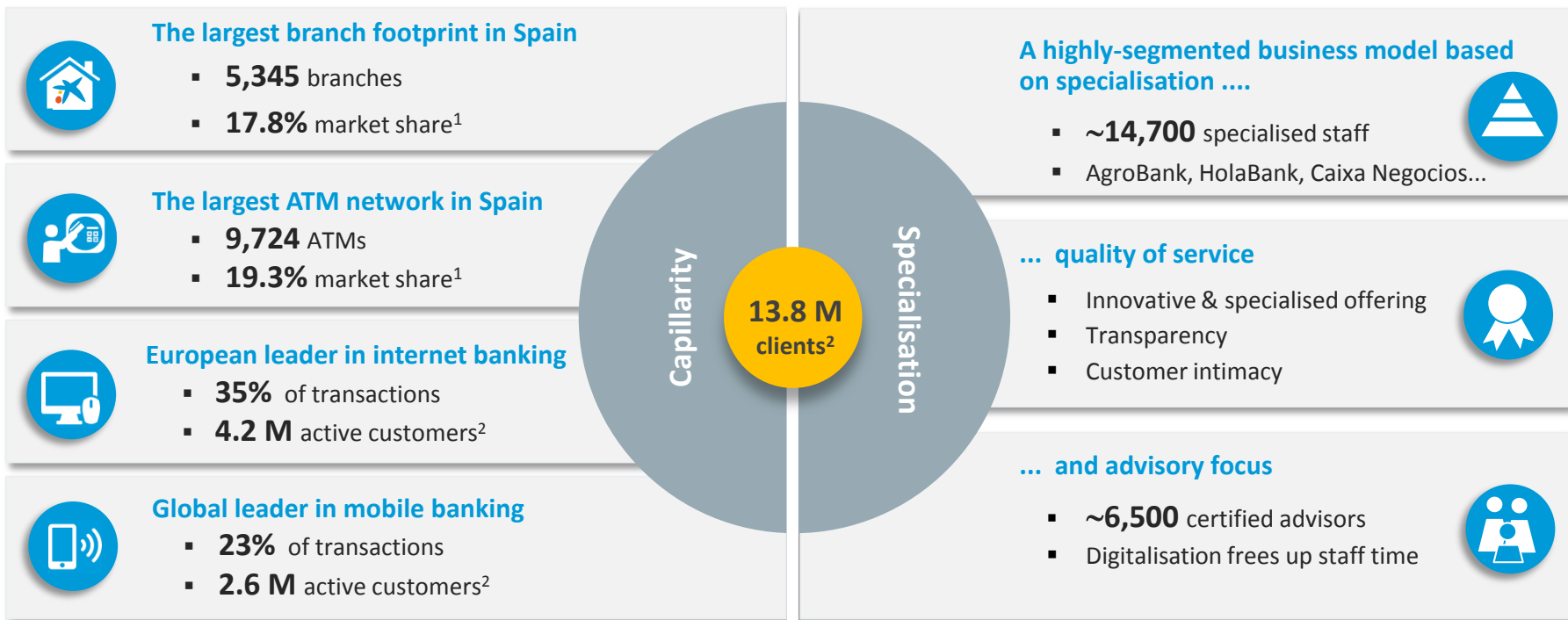
(1) Spanish customers older than 18 years of age. Peers: BBVA, Banco Santander

(2) Payroll deposit market share: number of payrolls CABK / total Social Security payrolls; Loans market share: volume CABK / total market volume; Pension Plans market share: volume managed CABK / total market volume; Mutual Funds market share: volume managed CABK / total market volume

(3) To other resident sectors



## Extensive network reach and specialisation provide competitive advantage



**Not just “anytime, anyplace, anywhere” but also bespoke**

(1) As of March 2015

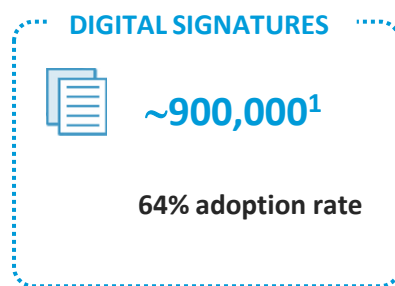
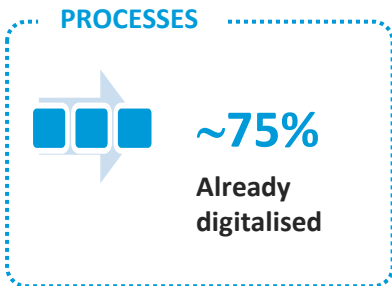
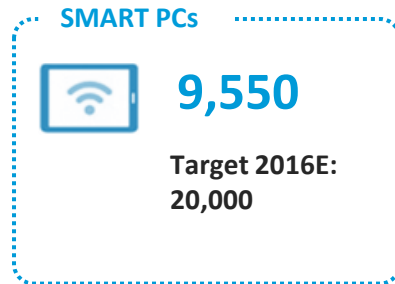
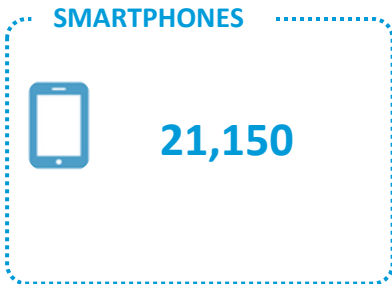
(2) As of June 2015. Active clients are those defined as per Eurostat definitions with at least one transaction in the last 2 months up to June 30<sup>th</sup> 2015

# Powerful IT infrastructure improves commercial effectiveness and customer experience

## Leading adopter of sales mobility solutions

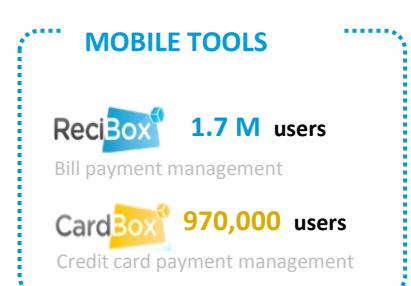
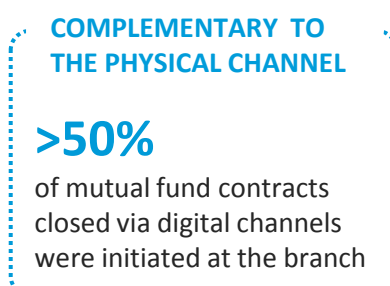
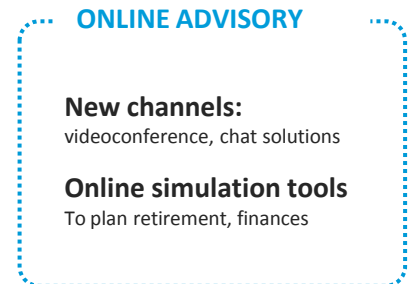
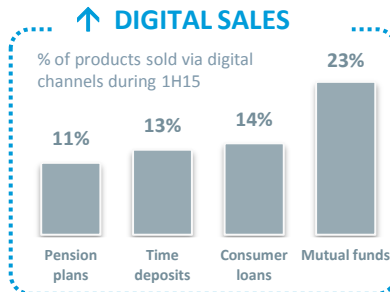
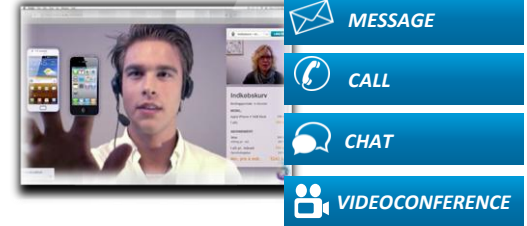


“ Improved commercial effectiveness ”



## Innovative tools to improve customer experience

“ Convenience Proximity Innovation ”



## Big Data enables customisation and commercial effectiveness through deeper client knowledge

Best retail bank for IT Innovation 2013, 2014



Wide external recognition

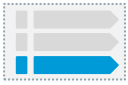


Best Bank in Spain

(1) From October 2014 to August 2015

## Agenda

- Macro and industry backdrop
- Strategy and business fit
- **Recent activity and performance**
- Final remarks



## Recent performance attests to structural advantages

**1** Business banking

**2** Payroll deposits

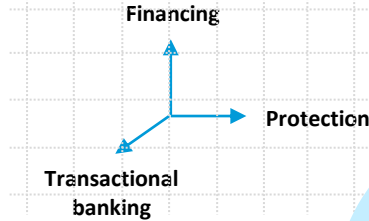
**3** Consumer finance

**4** Long term savings

Benefitting from sub-segment opportunities in business banking

**CaixaNegocios**

Bundled triple offering



~1,500 dedicated managers<sup>1</sup>

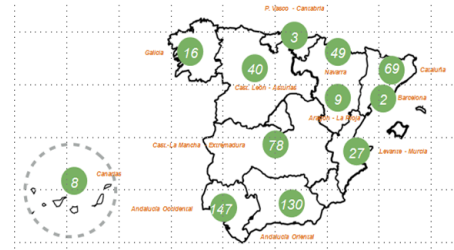
Steady growth in customers and volumes

- ↑ Assets **+ 7%** ytd
- ↑ Liabilities **+ 12%** ytd
- ↑ Insurance contracts<sup>1</sup> **+ 15%** yoy

**+196,460**  
Accounts YTD

Sales-force mobility enhances value proposition

**AgroBank**



~ 2,000 specialised account managers  
578 specialised branches<sup>1</sup>

Strong performance since launch in Sep-14

- ↑ Market share<sup>2</sup> **23.1%** (+66 bps)
- ↑ Business volume **+ 4%**
- ↑ New agric. financing **+43%** yoy

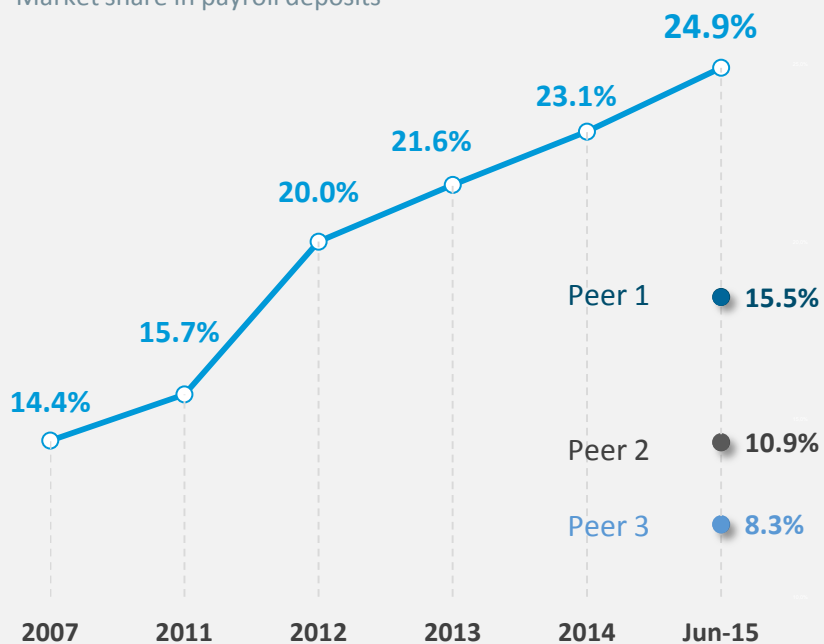
**+42,000**  
New clients since Sep-14

Capillarity and technology enable access to niche market opportunities

(1) As of September 2015  
(2) Market share in self-employed in agriculture

## Undisputed leadership in payrolls

Market share in payroll deposits<sup>1</sup>



## Key income flows

- ▶ Provides crucial insights on client behaviours
- ▶ Allows for better risk scoring and performance
- ▶ Facilitates cross-selling of value-added products



<b>3.2 M</b>	Payroll deposits
<b>568,600</b>	Payrolls captured ytd +79% vs. 1H14
<b>+ 221 bps</b>	1H 15 market share gain vs. 1H14
<b>€5-7 Bn</b>	payroll and pension inflows/month

**Payroll deposits are the key anchor product for long-term relationship value**

(1) Peers: BBVA, Banco Santander and Bankia

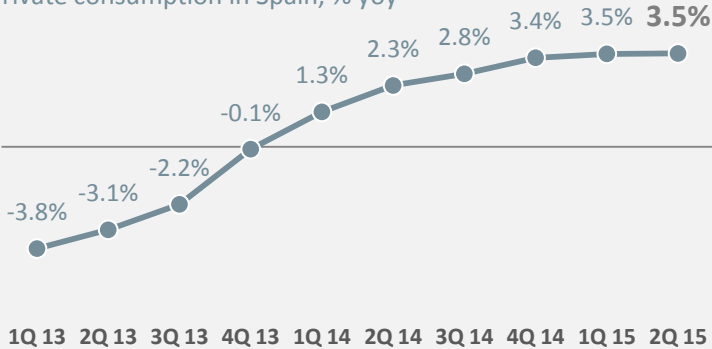
Latest available data. Source: FRS Inmark, Social Security



## A turning tide in credit demand

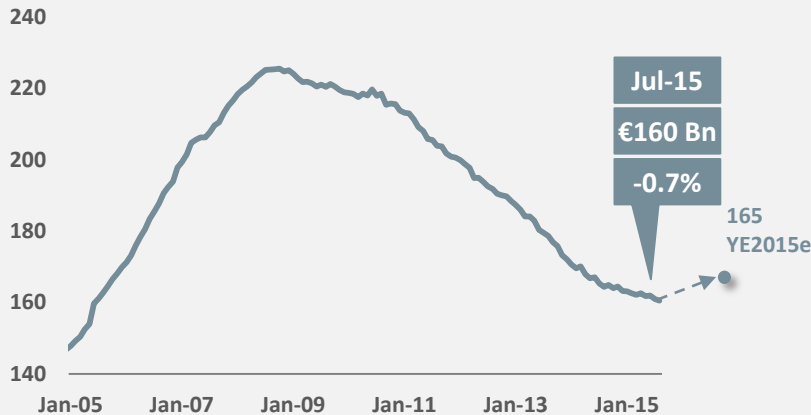
### Consumer spending is picking up

Private consumption in Spain, % yoy



### Sector deleveraging process in this segment completed

Consumer lending and other credit to individuals, in €Bn

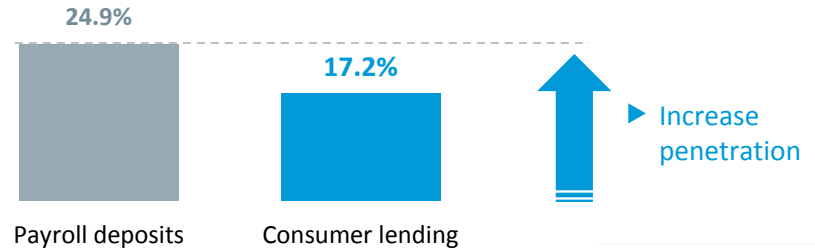


Source: "la Caixa" Research

## Using our advantages to increase market share

### 2015-18 Ambition: seize market potential

Market share

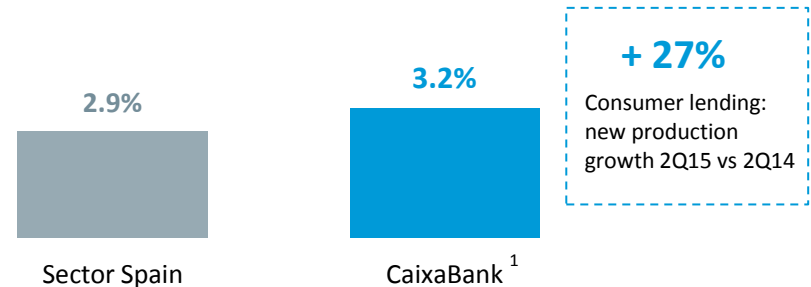


- ▶ Capturing key income flows
- ▶ Use of technology and mobility tools to seamlessly combine purchasing and financing decisions
- ▶ Third-party partnerships to capture point-of sale opportunities



### Outcomes validate approach

Consumer lending and other credit to individuals (stock): % growth 2015 YTD relative to sector



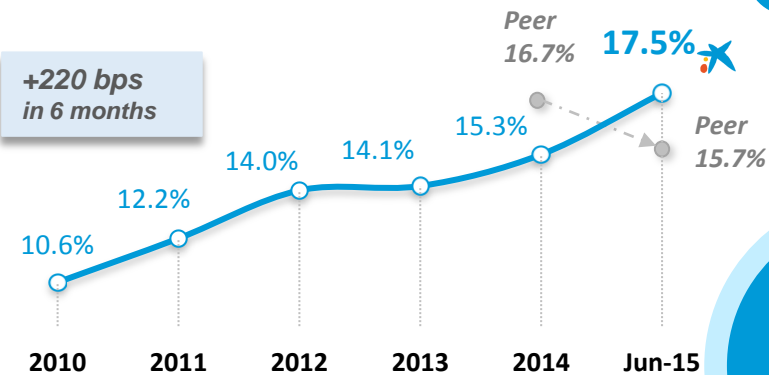
(1) Organic change ytd. As if Barclays Spain had been consolidated at 31 December 2014

**InverCaixa**  
Asset management

**Market leadership grows: €50.3 Bn AuM<sup>1</sup>**

Mutual funds market share by AuM (%)

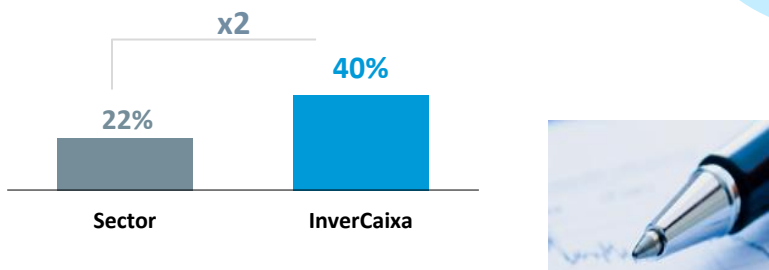
#1



Outstanding performance over the last 18 months

**Growing twice as fast as sector with 1/3 of net inflows**

Mutual Funds AuM organic<sup>2</sup> growth yoy vs sector (Jun'15)

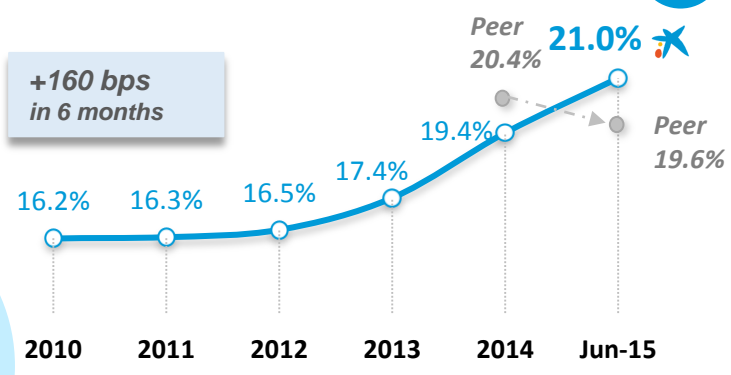


**VidaCaixa**  
Life insurance and pension plans

**New leader in pension plans: €22.2 Bn AuM**

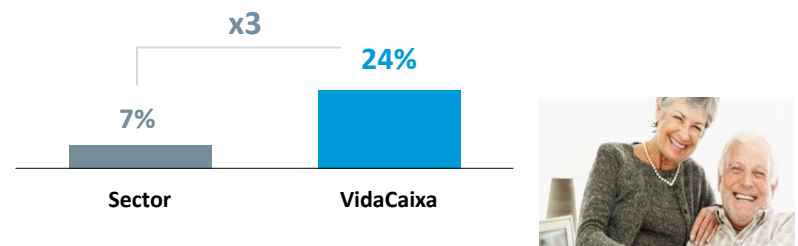
Pension plan market share by AuM (%)

#1



**Three times growth rate of sector**

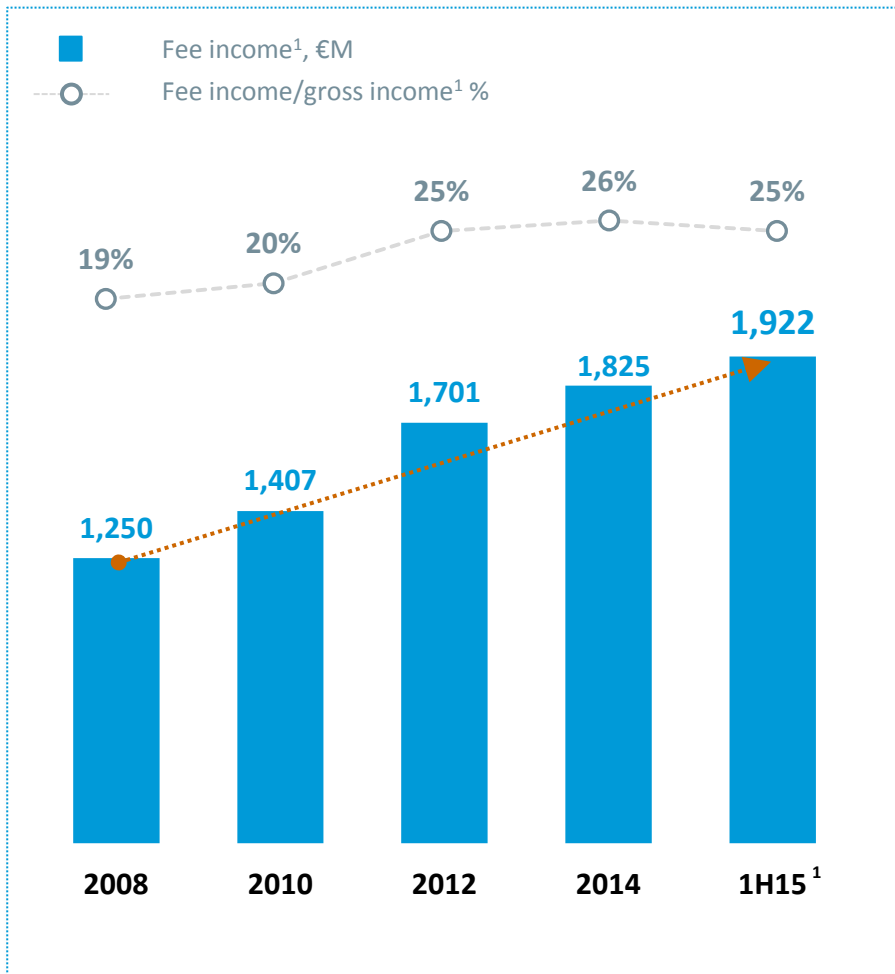
Pension Plans AuM organic<sup>2</sup> growth yoy vs sector (Jun'15)



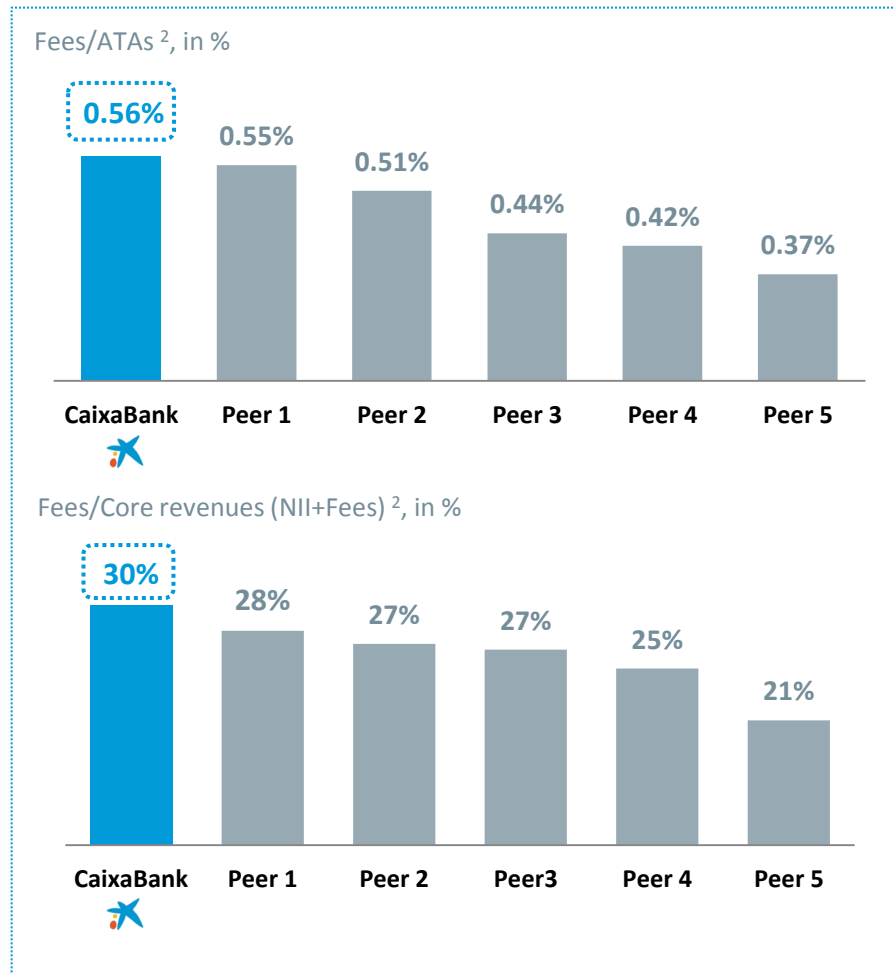
**Market-leading product factories provide flexibility, scope and revenue diversification**

(1) Mutual funds, client portfolios and SICAVs.  
(2) Excludes the AuM contribution from Barclays Spain

## Fee income



## The highest fee-generating franchise

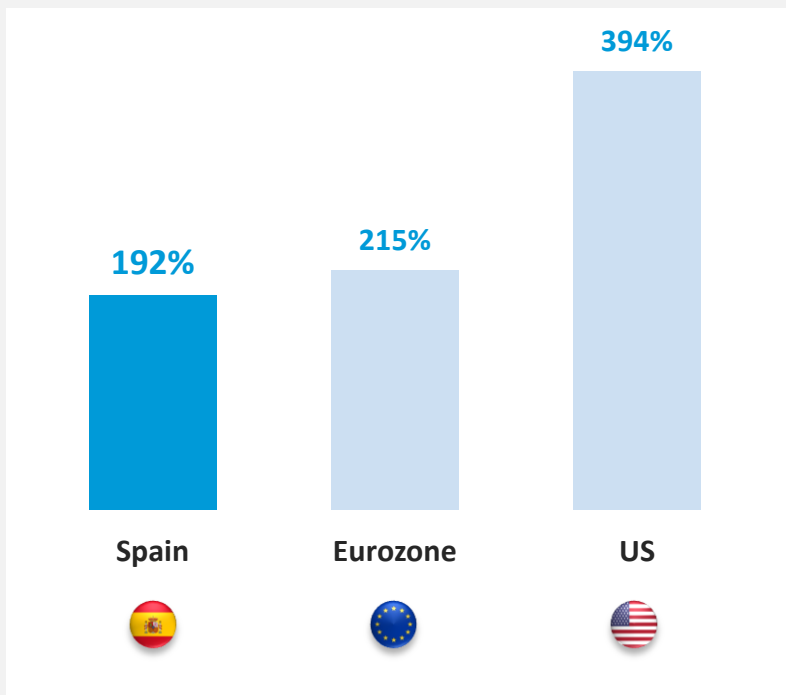


(1) Trailing 12 Months

(2) Trailing 12 Months as of 1H15 end of period. Peer Group: Santander, BBVA, Banco Popular, Bankia and Banco Sabadell. Santander and BBVA: Business in Spain (including Real Estate business). Based on information published by peers at 30 June 2015 and internal estimates

### Ample scope to emulate more mature markets

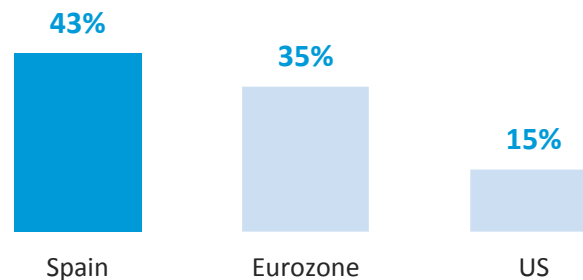
Financial assets over GDP, in %



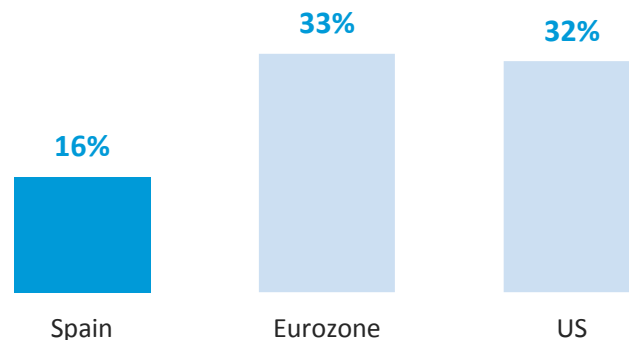
- ▶ Besides cyclical factors (low-rates)...
- ▶ ... structural determinants to propel future AuM growth; further migration from deposits to off balance products
- ▶ Strong need for advisory (complexity + lack of knowledge)

### Also room for catching up in Insurance and Pensions

Deposits over total financial assets (households), in %



Insurance and pensions over total financial assets (households), in %



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# Moving with confidence and disciplined execution towards strategic plan targets

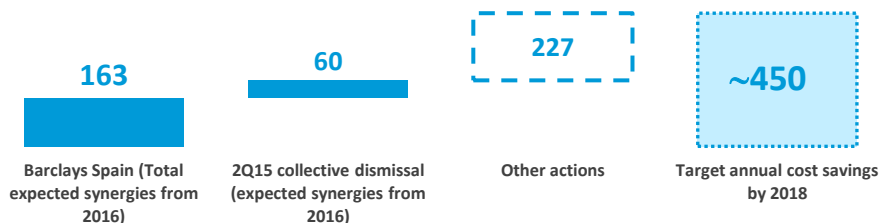
## Leveraging our strengths to grow core revenues

Core revenues (Fees + NII) growth, in %



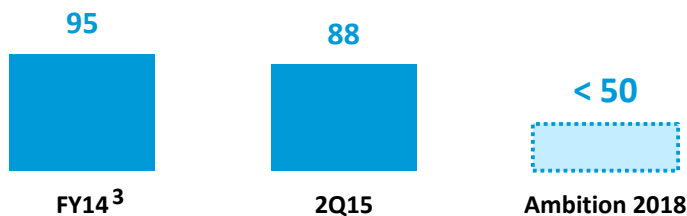
## Measures in 1H15 imply early delivery of cost saving plans

Annual gross cost savings envisaged in 2015-2018 Strategic plan, in Million Euros



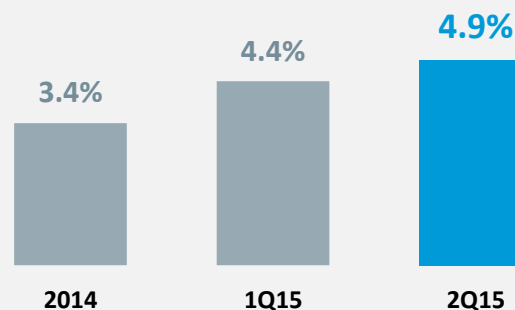
## CoR on track and supported by positive macro dynamics

Cost of risk<sup>1</sup>, in bps



## A gradual improvement in profitability

RoTE<sup>1</sup>, in %



RoTE<sup>2</sup> Banking and Insurance (ex non-core RE activity), in %

2014	1Q15	1H15
10.7%	12.5%	14.2%

(1) Trailing 12 Months

(2) RoTE for 1Q15 and 1H15 are annualised, both stripping out non-recurring impacts related to the acquisition and integration of Barclays Bank, SAU (€602 million in negative goodwill, €-257 million in non-recurring costs and €-64 million in asset impairment due to obsolescence) and €-284 million in costs resulting from the labour agreement

(3) PF Barclays. CaixaBank standalone: 100 bps

## Institutional Investors and Analysts Contact

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